

the Issuer, the Co-Issuer and the Placement Agent do not assume any responsibility for the accuracy, completeness or applicability of such information.

The U.S. Risk Retention Regulations require the "sponsor" (the "**Sponsor**") of a "securitization transaction" to retain (either directly or through its "majority-owned affiliates") not less than 5% of the "credit risk" of "securitized assets" (as such terms are defined in the U.S. Risk Retention Regulations). For purposes of this transaction, the Portfolio Advisor would be considered to be a "sponsor" for purposes of the U.S. Risk Retention Regulations of the intended Refinancing. To this end, the sponsor or its majority-owned affiliate will retain an "eligible vertical interest" or an "eligible horizontal residual interest" (as such terms are defined in the U.S. Risk Retention Regulations), or any combination thereof. The information appearing in this section has been provided for purposes of satisfying the requirements of the U.S. Risk Retention Regulations, and as such, the information in this section should be taken together with the other information in this Offering Memorandum when making an investment decision with respect to the Refinancing Securities.

RREEF intends to satisfy the U.S. Risk Retention Regulations with respect to the intended Refinancing by the Retention Holder, RREEF's majority-owned affiliate (i) purchasing an "eligible vertical interest" (the "**U.S. Retention Interest**") (A) on each Preferred Shares Issuance Date in an amount of not less than 5% of the Preferred Shares issued on such date and (B) on the Refinancing Closing Date in an amount of not less than 5% of the principal amount of each class of Refinancing Securities issued by the Issuer on such date and (ii) holding the U.S. Retention Interest in the manner and for so long as required under the U.S. Risk Retention Regulations. The Retention Holder will also acquire 5% of the Initial Facility on the Initial Facility Closing Date and hold such interest for the term of the Initial Facility.

To the extent there is a material change in the amount of the U.S. Retention Interest actually held by the Retention Holder from its date of acquisition from the amount described above, the Portfolio Advisor is required to provide notice of the amount of the U.S. Retention Interest within a reasonable period of time after the Refinancing Closing Date.

Subject to any applicable restrictions on transfer, the Retention Holder may, at any time and from time to time, sell or otherwise transfer all or any portion of any U.S. Retention Interest that it holds in excess of what is required to be held to comply with the U.S. Risk Retention Regulations.

On February 9, 2018, the U.S. Court of Appeals for the District of Columbia Circuit ruled in favor of The Loan Syndications and Trading Association in the case of *The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System*. The court decided that the credit risk retention rules adopted by the U.S. Securities and Exchange Commission do not apply to collateral managers of CLOs that purchase loans in the open market on behalf of its investors because these collateral managers do not qualify as "securitizers" as defined in the applicable statutory provision. If the court's decision is determined to be final and non-appealable, the U.S. Risk Retention Regulations will no longer apply to collateral managers of open-market collateralized loan obligation transactions such as this one and, consequently, the Portfolio Advisor and/or the Retention Holder may transfer some or all of the U.S. Retention Interest to third parties (subject to compliance with the EU Risk Retention Rules).

Prospective investors should note the following in reviewing the contents of this section entitled "US Credit Risk Retention": (i) although the Portfolio Advisor believes in good faith that the U.S. Retention Interest will (together with other actions that the Portfolio Advisor intends to take to satisfy the U.S. Risk Retention Regulations) satisfy the U.S. Risk Retention Regulations (as in effect as of the date of this Private Placement Memorandum) in all material respects, there can be no assurances that the U.S. Retention Interest (together with other actions that the Portfolio Advisor intends to take to satisfy the U.S. Risk Retention Regulations) will satisfy the U.S. Risk Retention Regulations, (ii) failure of the U.S. Retention Interest (and such other actions) to satisfy the U.S. Risk Retention Regulations could potentially have materially negative effects on the ability of the Portfolio Advisor to perform its obligations under the Portfolio Advisory Agreement, which could in